ACT No. II of 1886.[1]

[*29th January, 1886.*]

An Act for imposing a tax on income derived from sources other than agriculture.

[As modified up to the 1st April, 1903.]

WHEREAS it is expedient to impose a tax on income derived from sources other than agriculture ; It is hereby enacted as follows :—

CHAPTER I.

PRELIMINARY.

Extent and commencement.

1. (*1*) This Act extends to the whole of British India, and applies also, within the dominions of Princes and States in India in alliance with Her Majesty, to British subjects in those dominions who are in the service of the Government of India or of a local authority established in the exercise of the powers of the Governor General in Council in that behalf ; and

(*2*) It shall come into force on the first day of April, 1886.

(*3*) [*Rep. by the Repealing Act, 1891 (XII of 1891).*]

2. On

[1] Short title, "The Indian Income-tax Act, 1886"—*see* the Indian Short Titles Act, 1897 (XIV of 1897), General Acts, Vol. VI.

For Statement of Objects and Reasons, *see* Gazette of India, 1886, Pt. V, p. 33 ; for Report of the Select Committee, *see ibid*, Pt. IV, p. 41 ; and for Proceedings in Council, *see ibid*, Supplement, pp. 45, 179 and 214.

For consolidated rules made under the powers conferred by the Act, *see* Gazette of India, 1890, Pt. I, p. 409.

Act II of 1886 has been declared in force in the Sonthal Parganas by the Sonthal Parganas Settlement Regulation (III of 1872), s. 3, as amended by the Sonthal Parganas Justice and Laws Regulation, 1899 (III of 1899).

The Act had been previously extended to these Parganas under s. 5 of the Scheduled Districts Act, 1874 (XIV of 1874),—Gazette of India, 1896, Pt. I, p. 974.

It has also been declared in force in Upper Burma (except the Shan States) by the Burma Laws Act, 1898 (XIII of 1898), s. 4, Burma Code, Ed. 1899, p. 260.

[2] General Acts, Vol. VI.

Repeal.

2. On and from the day on which this Act comes into force the enactments specified in the first schedule to this Act shall be repealed, except as to fees payable and other sums due under those enactments and the mode of recovering the same.

Definitions.

3. In this Act, unless there is something repugnant in the subject or context,—

(*1*) "local authority" means any municipal committee, district board, body of port commissioners or other authority legally entitled to, or entrusted by the Government with, the control or management of any municipal or local fund:

(*2*) "company" means an association carrying on business in British India, whose stock or funds is or are divided into shares and transferable, whether the company is incorporated or not, and whether its principal place of business is situate in British India or not:

(*3*) "prescribed" means prescribed by the Governor General in Council by notification in the Gazette of India, or by the Governor General in Council or a Local Government by rules made under this Act:

(*4*) "salary" includes allowances, fees, commissions, perquisites or profits received, in lieu of or in addition to a fixed salary, in respect of an office or employment of profit; but, subject to any rules which may be prescribed in this behalf, it does not include travelling, tentage, horse or sumptuary allowance, or any other allowance granted to meet specific expenditure:

(*5*) "income" means income and profits accruing and arising or received in British India, and includes, in the case of a British subject within the dominions of a Prince or State in India in alliance with Her Majesty, any salary, annuity, pension or gratuity payable to that subject by the Government or by a local authority established in the exercise of the powers of the Governor General in Council in that behalf:

(*6*) "Magistrate" means a Presidency Magistrate or a Magistrate of the first or second class:

(*7*) "person"

(*7*) "person" includes a firm and a Hindu undivided family:

(*8*) "defaulter" includes a company or firm making default under this Act:

(*9*) "Collector" means the chief officer in charge of the revenue-administration of a district, and, in a presidency-town, any officer whom the Local Government, by notification in the official Gazette,[1] may, by name or by virtue of his office, appoint to be a Collector for the purposes of this Act; in the case of a company or firm, it means the Collector, as here defined, of the district or presidency-town in which its principal place of business in British India is situate; and, in the case of any other person chargeable under this Act, it means the Collector, defined as aforesaid, of the district or presidency-town in which the person has his residence:

(*10*) "principal officer," used with reference to a local authority or a company or any other public body or association not being a local authority or company, means—

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association; or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has caused a notice to be served of his intention of treating him as the principal officer thereof; and

(*11*) "Part" means a Part of the second schedule to this Act.

CHAPTER II.

Liability to Tax.

Incomes liable to the tax.

4. Subject to the exceptions mentioned in the next following section, there shall be paid, in the year

[1] For notification by the Government of Madras investing the Collector of Madras with all the powers of a "Collector" under the Act, *see* Fort St. George Gazette, 1886, Pt. I, p. 231.